



Department of Justice

Office of the United States Attorney

Eastern District of California

United States Attorney Benjamin B. Wagner

FOR IMMEDIATE RELEASE

Thursday, June 18, 2015

www.justice.gov/usao/cae

CONTACT: LAUREN HORWOOD

PHONE: 916-554-2706

usacae.edcapress@usdoj.gov

MODESTO REAL ESTATE ATTORNEY INDICTED ON FRAUD CHARGES IN A SHORT SALE SCHEME

FRESNO, Calif. — Robert Farrace, 51, of Modesto, was indicted today on three counts of wire fraud in connection with a fraudulent short-sale scheme, United States Attorney Benjamin B. Wagner announced.

According to the indictment, Farrace was an attorney specializing in real estate transactions. He owned two investment properties in Modesto with substantial mortgage loans. In early 2010, he received foreclosure notices for the two properties. Farrace then created an entity called "Dignitas LLC" that he controlled but used a friend's name as the company's registered agent to conceal his control. Through Dignitas, Farrace submitted short sale offers to the bank that serviced the loans on both properties. During the process, Farrace misrepresented his relationship with Dignitas, and because the servicing bank did not know of the true relationship, it went forward and completed one of the short sales. The other sale was stopped by law enforcement and the bank.

This case is the product of an investigation by the Federal Housing Finance Agency—Office of Inspector General, the Federal Bureau of Investigation, and the Stanislaus County District Attorney's Office. Assistant United States Attorney Michael G. Tierney is prosecuting the case.

If convicted, Farrace faces a maximum statutory penalty of 20 years in prison and a \$250,000 fine. Any sentence, however, would be determined at the discretion of the court after consideration of any applicable statutory sentencing factors and the Federal Sentencing Guidelines, which take into account a number of variables.

The charges are only allegations; the defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

####